

20 June 2013

**HML Holdings plc**  
**(“HML” or the “Company”)**

**Preliminary Results for the Year Ended 31 March 2013**

HML Holdings plc (AIM: HMLH), the property management services Group, announces preliminary results for the year ended 31 March 2013.

**Financial and Operational Highlights:**

- Revenues up 21% to £12.8m (10% up excluding acquisitions)
- Operating profit up 37% to £1,064,000 (2012: £774,000 )\*
- Cash generated from operations totalled £1.4m (2012: £1.1m)
- Earnings per share 1.8p (2012: 1.1p)
- 40,000 property units under management (2012: 33,400 units)
- Acquisition of The Guthrie Partnership in Cheshire

\*before interest, share based payment charges, amortisation and tax

**Commenting on the results, Rob Plumb, Chief Executive of HML Holdings said:** “HML has taken major steps forward this year. We have had a 76% improvement in after tax earnings as well as enjoying a record value of new management instructions. We also significantly extended the geographical reach of our service offering by acquiring The Guthrie Partnership in the North West of England. We are confident of our ability to grow earnings through market share growth and on-going improvements in our economies of scale.

“We have also been active through our membership of various trade associations in supporting measures to improve transparency and service levels in the leasehold sector. Adherence to a set of minimum standards would, we believe, establish a market place that would ensure the quality of service that leaseholders expect.”

**For further information:**

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## **HML HOLDINGS PLC**

### **CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT**

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We are pleased to report a 37% increase in earnings before interest, share based payments, amortisation and tax to £1,063,000 (2012: £772,000). Revenues grew 21% to £12.8m (2012: £10.6m) with 10% arising from organic growth and 11% as a result of acquisitions. Profit after tax improved 76% to £637,000 (2012: £361,000).

Underpinning our organic growth in earnings was our most successful year in terms of new management instructions. While competition in the property services market remains strong, HML welcomes the degree to which its clients recognise the value of local and independent customer service. The proportion of new business arising from new build management instructions remains at a historically low level; however, we anticipate that the contribution from this sector will start to grow in the years to come. The number of residential properties under management increased by 19% to approximately 40,000 units.

In February 2013, we announced the acquisition of The Guthrie Partnership, which represents a significant milestone in the geographical expansion of HML's services and we look forward to its impact on income in the current year. Based in Knutsford, Cheshire, The Guthrie Partnership is well positioned to serve clients in the areas west of Cheshire and south of Manchester. Both the client base, which is mostly owner occupiers, and the service culture of the business are entirely compatible with HML's. In keeping with our strategy of providing a local property management and accounting service, The Guthrie Partnership will continue to operate from their offices even after they have moved their records onto HML's platform. The integration of Scotts of Putney, acquired in November 2011, into HML has proceeded well during the course of the year and, even during this period of change, the business has contributed earnings in line with our expectations.

Over the past year, there has been a noticeable increase in awareness and press coverage of the challenges inherent in the residential leasehold market. Growing parliamentary concern regarding the shortcomings of a lack of regulation in the management and ownership of leaseholds indicates that there may well be legislation in this area of the market in the coming years. While much of this attention has arisen, we believe, from the conflict of interest which arises from the common ownership and management of leasehold properties, a practice which HML eschews, we have been active in the call for setting standards in our industry. Through our memberships of the Association of Residential Managing Agents, The British Property Federation and The Leasehold Knowledge Partnership, we have welcomed various initiatives to improve transparency and service standards within the leasehold sector. Adherence to a set of minimum professional standards in order to be able to operate a residential management service would, we believe, establish a market place that would ensure the quality of service that leaseholders deserve.

HML remains optimistic that its strategy of consolidation and organic growth will continue to improve our market share in the years to come. We will improve the effectiveness of our service offering through further process and systems enhancements and professional training for our staff. We would like to thank all of our employees for the significant effort that has gone into making this a particularly successful year.

Richard Smith (Chairman)

Robert Plumb (Chief Executive)

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2013**

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	Notes	2013 £'000	2012 £'000
CONTINUING OPERATIONS			
REVENUE		12,809	10,600
Direct operating expenses		(10,862)	(8,932)
Central operating overheads		(884)	(894)
Share based payment charge		(12)	(10)
Amortisation of intangibles		(256)	(210)
Exceptional item		-	(82)
Total central operating overheads		(1,152)	(1,196)
Operating expenses	2	(12,014)	(10,128)
PROFIT FROM OPERATIONS		795	472
Finance costs		(33)	(16)
PROFIT BEFORE TAXATION	1	762	456
Income tax charge	3	(125)	(95)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		637	361
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		637	361
EARNINGS PER SHARE			
Basic	4	1.8p	1.1p
Diluted	4	1.7p	1.1p

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**  
**For the year ended 31 March 2013**

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ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE GROUP

	Share capital £'000s	Share premium £'000s	Other reserve £'000s	Merger reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 April 2011	473	6,331	(11)	(15)	(1,266)	5,512
Profit for the year	-	-	-	-	361	361
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	10	10
Share capital issued	70	412	-	-	-	482
HML shares purchased by EBT	-	-	(5)	-	-	(5)
Balance at 31 March 2012	543	6,743	(16)	(15)	(895)	6,360
Profit for the year	-	-	-	-	637	637
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	12	12
HML shares purchased by EBT	-	-	(78)	-	-	(78)
Balance at 31 March 2013	543	6,743	(94)	(15)	(246)	6,931

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 March 2013**  
**COMPANY NUMBER: 5728008**

	2013	2012
	£'000	£'000
<b>ASSETS</b>		
NON CURRENT ASSETS		
Goodwill	4,832	4,329
Other intangible assets	3,706	3,449
Property, plant and equipment	298	273
	8,836	8,051
CURRENT ASSETS		
Trade and other receivables	1,687	1,413
Cash at bank	266	502
	1,953	1,915
<b>TOTAL ASSETS</b>	10,789	9,966
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	2,580	2,004
Borrowings	345	345
Current tax liabilities	167	122
	3,092	2,471
NON CURRENT LIABILITIES		
Deferred tax liability	433	357
Borrowings	259	604
Deferred consideration	74	174
	766	1,135
<b>TOTAL LIABILITIES</b>	3,858	3,606
<b>NET ASSETS</b>	6,931	6,360
<b>EQUITY</b>		
Called up share capital	543	543
Share premium account	6,743	6,743
Other reserve	(94)	(16)
Merger reserve	(15)	(15)
Retained earnings	(246)	(895)
	6,931	6,360
<b>ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT</b>	6,931	6,360

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**31 March 2013**  
**COMPANY NUMBER: 5728008**

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	2013 £'000	2012 £'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	1,436	1,055
Income taxes paid	(80)	(50)
Interest paid	(33)	(16)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,323</b>	<b>989</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(162)	(118)
Purchase of own shares	(78)	(5)
Purchase of software	(98)	(79)
Purchases of businesses	(676)	(1,382)
Payments of deferred/contingent consideration	(200)	(19)
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,214)</b>	<b>(1,603)</b>
<b>FINANCING ACTIVITIES</b>		
(Decrease)/increase in long term loan	(345)	949
Equity fund raising	-	282
	<hr/>	<hr/>
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(345)</b>	<b>1,231</b>
	<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(236)</b>	<b>617</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>502</b>	<b>(115)</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>266</b>	<b>502</b>
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**GENERAL INFORMATION**

Whilst the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.

The financial information is presented in pounds sterling, prepared on a historical cost basis and, unless otherwise stated, rounded to the nearest thousand. The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 31 March 2013 or 31 March 2012.

The financial information for the year ended 31 March 2012 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 31 March 2013 have not yet been delivered to the Registrar of Companies, nor have the auditors yet reported on them. This preliminary announcement does not constitute statutory accounts under section 435 of the Companies Act 2006.

HML Holdings plc and its subsidiaries specifically focus on residential property management. The Group operates in the UK. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 9-11 The Quadrant, Richmond, Surrey, TW9 1BP. The Company is listed on the AIM stock exchange.

The preliminary results were authorised for issue by the board of directors on 19 June 2013.

**HML HOLDINGS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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1. PROFIT RECONCILIATION

The reconciliation set out below provides additional information to enable the reader to reconcile to the numbers discussed in the Chairman's and Chief Executive's report

	2013 £'000	2012 £'000
Revenue	12,809	10,600
Direct operating expenses	(10,862)	(8,932)
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Profit contribution from businesses	1,947	1,668
Central operating overheads	(884)	(894)
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Profit before interest, exceptional items, share based payment charges, amortisation of other intangible assets and taxation	1,063	774
Finance costs	(33)	(16)
	<hr/>	<hr/>
Profit before exceptional items, share based payment charges, amortisation of other intangible assets and taxation	1,030	758
Amortisation of other intangible assets	(256)	(210)
Share based payment charge	(12)	(10)
Exceptional items	-	(82)
	<hr/>	<hr/>
Profit before taxation	762	456
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Direct operating expenses and central operating overheads include depreciation and staff costs.



**HML HOLDINGS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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2.	PROFIT FROM OPERATIONS	2013 £'000	2012 £'000
	Profit from operations is stated after charging: Depreciation and amounts written off property, plant and equipment:		
	- charge for the year on owned assets	137	138
	Amortisation of intangible assets	256	210
	Operating lease rentals:		
	- land and buildings	466	393
	Set out below is an analysis of other operating expenses;		
		2013 £'000	2012 £'000
	Employee salaries and expenses	8,777	7,391
	Management costs	238	167
	Travel costs	136	118
	Advertising costs	45	45
	Communications	349	240
	Premises costs	1,245	1,048
	Professional fees	470	387
	IT costs	319	271
	Depreciation	137	138
	Amortisation	256	210
	Share based payment charges	12	10
	Other expenses	30	21
	Exceptional item	-	82
	Other operating expenses	12,014	10,128

Amounts payable to the auditor and its related entities in respect of both audit and non-audit services are set out below:

	2013 £'000	2012 £'000
Fees payable for the statutory audit of the company's annual accounts	9	17
Fees payable to auditor for other services:		
Statutory audit of the company's subsidiaries	30	30
Total fees payable to the auditor	39	47

**HML HOLDINGS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3.	INCOME TAX	2013 £'000	2012 £'000
	UK Corporation tax:		
	Current tax on profits of the year	167	95
	Overprovision of tax previous year	(42)	-
		<hr/>	<hr/>
	Tax attributable to the company and its subsidiaries	125	95
		<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 24% (2012: 25%). The differences are explained below:

	2013 £'000	2012 £'000
Profit before tax	762	456
	<hr/>	<hr/>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 24% (2012: 25%).	184	114
Effects of:		
Difference between depreciation and capital allowances	1	4
Amortisation and non deductible expenses adjustment	(6)	(6)
Utilisation of tax losses	-	(2)
Benefit of small companies tax rate	(12)	(15)
Overprovision in previous year	(42)	-
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Tax charge for the year	125	95
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Future tax charges may be affected by the fact that no deferred tax asset is recognised in respect of losses carried forward by HML Hathaways Limited. Deferred tax assets are not recognised until the utilisation of the losses is probable. The Group has losses carried forward in its subsidiary, HML Hathaways Limited which can be recovered against future profits arising from the same trade. The total tax losses carried forward to future years are £1,243,000 (2012: £1,243,000). The unprovided deferred tax asset in respect of these losses is £249,000 (2012: £249,000).

**HML HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**

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4. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data

	2013 £'000	2012 £'000
<i>Earnings</i>		
Earnings for the purposes of basic earnings per share	637	361
Earnings for the purposes of diluted earnings per share	637	361
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	36,220	33,197
Effect of dilutive potential ordinary shares: - share options	784	229
Weighted average number of ordinary shares for the purposes of diluted earnings per share	37,004	33,426
Basic earnings per ordinary share	1.8p	1.1p
Fully diluted earnings per ordinary share	1.7p	1.1p

The diluted earnings per share are the basic earnings per share adjusted for the dilutive effect of the conversion into fully paid shares of the outstanding share options.

5. BUSINESS COMBINATIONS (ACQUISITIONS)

On 28 January 2013, the trade and assets of The Guthrie Partnership were purchased by HML Andertons Limited. The Guthrie Partnership was a property management business based in Knutsford near Manchester. The acquisition established HML as a significant property manager in the North-West of England.

The fair value of net assets acquired in the acquisition are set out below:

	£'000
Consideration	796
less: the fair value of assets	
Fixtures and fittings	(3)
Computer equipment	(17)
Customer relationships	(382)
add: the fair value of liabilities	
Deferred tax	76
Goodwill	470

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the acquired businesses and the synergies expected to be achieved from the integration of the acquired businesses into the Group's existing and projected business.

**HML HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**

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5. BUSINESS COMBINATIONS (continued)

Satisfied by:	£'000
Cash	644
Contingent consideration	152
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Total consideration	796
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Net cashflow arising on the acquisition was £644,000 relating to the consideration paid.

The amounts recognised at the acquisition date in respect of fixed assets acquired in the business combination approximate to their fair value.

The contingent consideration of £152,000 is due within one year and is adjustable depending on the retention of clients. The range of potential payments of contingent consideration could vary from £0 to £152,000, however the more likely outcome would be to pay £152,000 in relation to the contingent consideration.

If the acquisition of The Guthrie Partnership had been completed on the first day of the financial year, group revenues for the period would have been increased by £610,000 and the group profit attributable to equity holders of the parent would have increased by £62,000.

The business of The Guthrie Partnership contributed £83,000 to the Group's revenue and reduced the Group's profit before tax for the period by £3,000 from the date of acquisition to the year end date.

6. SHARE CAPITAL

	Group	
	2013	2012
	£'000	£'000
Authorised:		
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	<hr/>	<hr/>
	2,456	2,456
	<hr/>	<hr/>
	Group	
	2013	2012
	£'000	£'000
Allotted, issued and fully paid ordinary shares of 1.5p:		
1 April	543	473
Issued during the year – 4,675,382 shares	-	70
	<hr/>	<hr/>
31 March	543	543
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No. of shares in issue at year end	36,219,747	36,219,747

All shares issued during the year ended 31 March 2012 related to the acquisition of the trade and assets of Scotts (Putney) Limited.

**DIRECTORS**

**Executive**

Richard Smith  
Robert Plumb  
James Howgego

Chairman  
Chief Executive  
Finance Director

**Non-executive**

Geoffrey Griggs

**COMPANY SECRETARY**

James Howgego

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